

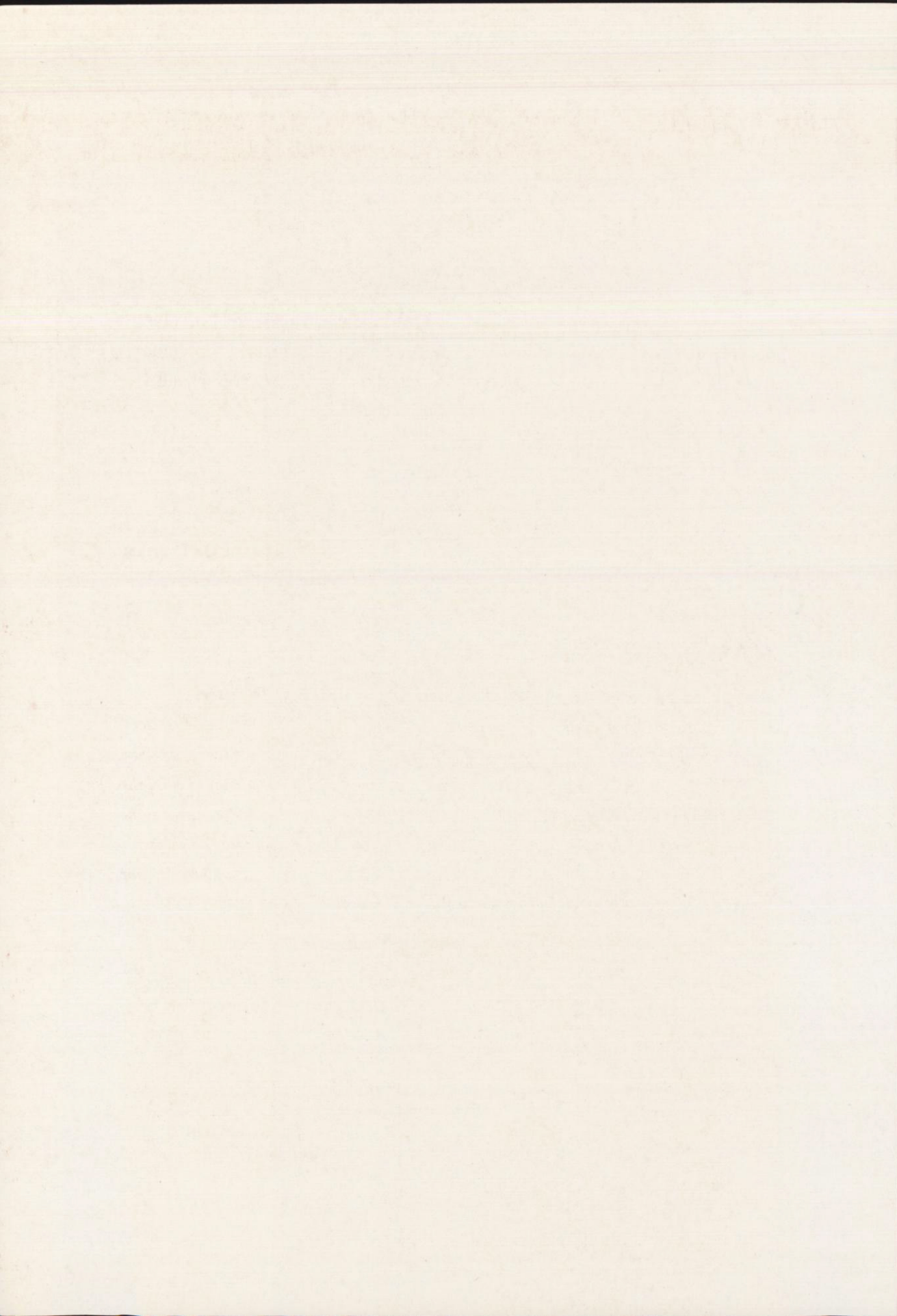
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CORPORATION FILE



*McCrorry*  
STORES CORPORATION

ANNUAL REPORT

1955





## Directors

R. F. COPPEDGE (1934), *Chairman*

RANDOLPH CATLIN (1937) A. J. FINK (1936) FRANK J. HUMPHREY, JR. (1951)  
N. BAXTER JACKSON (1936) HARRY O. LATHAM (1944) WILLIAM L. LESS (1948)  
F. W. PAUL (1945) LAURENCE W. SIMONDS (1954) EUGENE W. STETSON (1941)  
LEONARD SPANGENBERG (1946)

## Executive Committee

LEONARD SPANGENBERG, *Chairman*

R. F. COPPEDGE A. J. FINK HARRY O. LATHAM  
EUGENE W. STETSON F. W. PAUL

## Officers

R. F. COPPEDGE, (1931) *Chairman of the Board of Directors*

F. W. PAUL (1925) ..... *President*  
R. A. VROOM (1922) ..... *Vice President*  
M. O. HILL (1920) ..... *Vice President*  
L. C. SHOCKLEY (1928) ..... *Vice President*  
T. C. LAWRENCE (1945) ..... *Financial Vice Pres. & Secretary-Treasurer*  
C. R. PURDON (1929) ..... *Comptroller*

Dates indicate year of election to Board of Directors and year of employment of Officers.

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**General Counsel** ..... *Sullivan & Cromwell, New York, N. Y.*  
**Auditors** ..... *S. D. Leidesdorf & Co., New York, N. Y.*  
**Transfer Agent** ..... *Guaranty Trust Company of New York*  
**Registrar**  
    **Common Stock** ..... *Bankers Trust Company, New York, N. Y.*  
    **Preferred Stock** ..... *Chemical Corn Exchange Bank, New York, N. Y.*  
**General Office** ..... *1107 Broadway, New York, N. Y.*

February 9, 1956

### *To The Stockholders:*

Sales of the McCrory Stores Corporation for the year 1955 amounted to \$109,704,876, this being an increase of \$5,848,508 or 5.6% over 1954. Net Earnings, before Federal Taxes on income, were \$6,875,255, an increase of \$669,634 over 1954. Included in this favorable result was the absorption of \$358,343 of non-recurring expenses in the closing of a store location where multiple landlord interest made it impossible to operate on a profitable basis.

Net earnings after Federal Taxes and the aforementioned non-recurring item amounted to \$3,300,255 or \$1.35 per share of Common Stock after preferred dividends.

Regular dividends of \$3.50 per share were paid on the Company's 3½% Preferred Stock. Quarterly dividends of 25 cents per share, on the Common Stock equaled \$2,281,017, or \$1.00 per share for the year.

Inventories were expanded during the year to take care of increased sales and larger assortments of merchandise made possible by the introduction of new equipment at self-service stores. This expanded inventory was financed by short term bank loans of \$3,000,000 which were repaid prior to the year end.

The Company desiring to further strengthen its building program and wishing to allow local communities to participate in its growth engaged the Rockland-Atlas National Bank of Boston to negotiate with banks in 40 communities for a long term loan in the amount of \$3,000,000 at 3½%. Of this amount \$2,000,000 was taken down in August of 1955, the additional million may be taken at any time prior to July 29, 1957.

The Company constructed, on owned property, a new store at Martinsburg, West Virginia and sold it on completion to the Trustee of the McCrory Stores Corporation Employees' Retirement Plan. A long term lease on the store with options for renewal at expiration of the lease period was negotiated with the Trustee.



Excellent progress has been made during the year in the Company's planned expansion into shopping centers. Of the 10 new stores opened during the year all but one were of the complete self-service type of operation and were located in shopping centers that offered adequate parking space as an added attraction for store customers. In addition the Company continued its policy of improving and developing store locations that have successful operating records. The approximate cost of construction during 1955 amounted to \$3,000,000.

The ten new stores opened during 1955 are as follows:

*Lakeland, Fla.	Baltimore, Md.
*Winter Haven, Fla.	Baton Rouge, La.
Hialeah, Fla.	Edwardsville, Pa.
*Easton, Md.	East York, Pa.
Natchez, Miss.	*Oak Ridge, Tenn.

*\*Replaced smaller stores*

Two stores were closed during 1955, one at Cleveland, Ohio, where the high occupancy cost of operating the store made it unprofitable and the other at Asbury Park, N. J., where the store area was inadequate. The store property at Asbury Park, N. J., was owned by the Company and was sold at a favorable price.

In addition to the amounts reflected in the Capital Asset Accounts, the Company in order to maintain the efficient operation of its stores expended about \$600,000 for maintenance and repairs to Furniture and Fixtures and Leaseholds which was charged to the Profit and Loss Account.

Both old and new shoppers of the variety store have enthusiastically welcomed the introduction and development of the self-service store. Management and merchandise suppliers, recognizing the problems inherent in the packaging of merchandise for self-service stores, have engaged experts in the fields of marketing to design packages that will not only initiate impulse buying but will take full advantage of the greater range of display space offered by the self-service store.

At the year end 42 stores were operating on a self-service basis and the experience and knowledge gained in their development will greatly assist in the further expansion of this type of store during 1956. The cost of construction on new and remodeled stores for 1956 is estimated at \$2,500,000.



Working Capital at December 31, 1955 amounted to \$15,719,725. The statement below reflects the major items making up working capital, indicating how the funds were provided and their disposition.

## WORKING CAPITAL

CURRENT ASSETS	1955	1954
Cash .....	\$ 5,369,279	\$ 5,395,751
Merchandise Inventories .....	18,175,534	15,233,446
Accounts Receivable .....	38,118	156,074
	<u>\$23,582,931</u>	<u>\$20,785,271</u>
Less Current Liabilities (Net) .....	7,863,206	7,342,325
WORKING CAPITAL .....	<u>\$15,719,725</u>	<u>\$13,442,946</u>

## STATEMENT OF SOURCE AND DISPOSITION OF FUNDS

ADDITIONS TO WORKING CAPITAL:	1955	1954
Net income .....	\$ 3,300,255	\$ 3,065,621
Amortization and depreciation .....	1,628,314	1,559,925
Long Term Debt .....	2,000,000	—
	<u>\$ 6,928,569</u>	<u>\$ 4,625,546</u>
DEDUCTIONS FROM WORKING CAPITAL:		
Cash Dividends on Preferred and Common Stock .....	\$ 2,490,643	\$ 2,604,693
Capital Assets (expenditures for new and remodeled stores, etc. — Net) .....	2,270,625	1,928,788
Accounts Receivable — Noncurrent .....	—	(300,000)
Decrease in deferred charges, etc. ....	(109,478)	(116,184)
	<u>\$ 4,651,790</u>	<u>\$ 4,117,297</u>
NET INCREASE IN WORKING CAPITAL .....	<u>\$ 2,276,779</u>	<u>\$ 508,249</u>

We welcome this opportunity to express appreciation to our employees for their loyalty and cooperation and to our stockholders for their continued support during the past year.

—BY ORDER OF THE BOARD OF DIRECTORS

*R. F. Coppedge*

R. F. COPPEDGE, Chairman

*F. W. Paul*

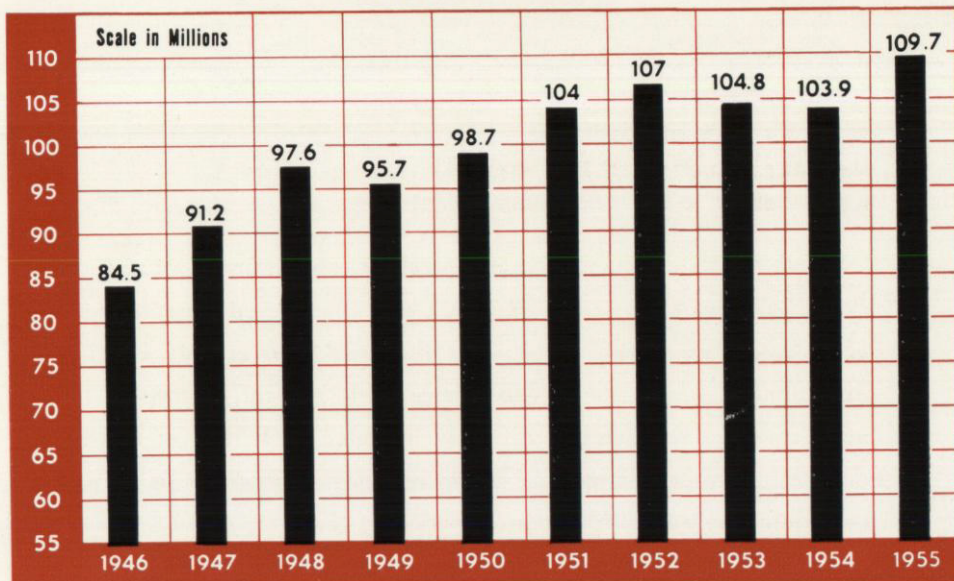
F. W. PAUL, President



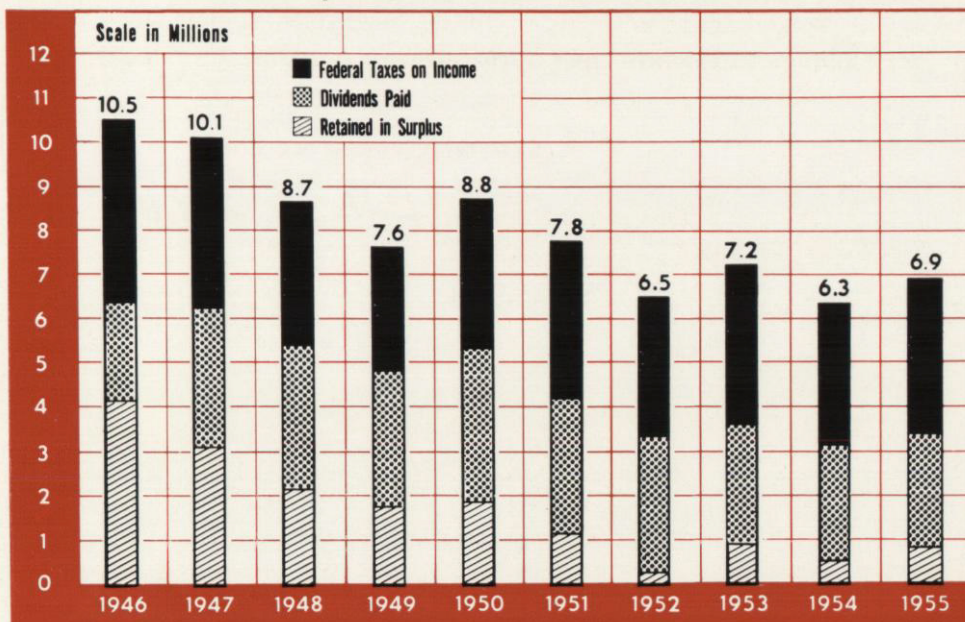
*The Story in Brief*

	1955	1954
Sales .....	\$109,704,876	\$103,856,368
Number of Stores .....	214	210
Average Sales per Store .....	512,640	494,554
Employees Compensation and Pension Costs (Including Payroll Taxes)	20,534,660	19,444,849
Net Earnings .....	3,300,255	3,065,621
Earned per Share .....	1.35	1.25
Dividends per Share .....	1.00	1.05
Taxes per Share (Federal, State and Local) ..	1.81	1.61
Net Additions to Fixtures and Improvements	2,270,625	1,928,788
Working Capital .....	15,719,725	13,442,946
Current Ratio .....	3.00	2.83
Net Worth per Share .....	15.00	14.64
Number of Stockholders .....	10,318	8,427

### Annual Sales



### Disposition of Income





**TO THE BOARD OF DIRECTORS  
McCRORY STORES CORPORATION  
NEW YORK, N. Y.**

We have examined the balance sheet of McCrory Stores Corporation as at December 31, 1955 and the related statement of income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of income and earned surplus, together with the notes to financial statements, present fairly the financial position of McCrory Stores Corporation at December 31, 1955, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

**S. D. LEIDESDORF & CO.**

*Certified Public Accountants*

New York, N. Y.  
February 9, 1956

### McCrory Stores

#### BALANCE SHEET as at D

#### ASSETS

CURRENT ASSETS:	1955	1954
Cash on hand, in banks and in transit .....	\$ 5,369,279	\$ 5,395,751
Merchandise inventories—Note A .....	18,175,534	15,233,446
Miscellaneous accounts receivable, less reserve .....	38,118	156,074
Total Current Assets .....	<u>\$23,582,931</u>	<u>\$20,785,271</u>
FIXED ASSETS:		
Real estate, at adjusted value December 31, 1936 and subsequent additions at cost .....	\$ 6,159,709	\$ 6,377,305
Furniture and fixtures, equipment and utensils, at cost .....	15,416,464	13,984,852
Improvements to leased property, at adjusted value January 1, 1936 and subsequent additions at cost .....	17,533,494	17,161,157
	39,109,667	37,523,314
Less: Reserves .....	13,509,926	12,450,432
Total Fixed Assets .....	<u>\$25,599,741</u>	<u>\$25,072,882</u>
DEFERRED CHARGES:		
Prepaid rents, insurance, taxes, store supplies, etc. ....	\$ 875,938	\$ 869,964
	<u>\$50,058,610</u>	<u>\$46,728,117</u>

#### NOTES TO FINAN

Financial statements as at and for the year ended December 31, 1954 are included for comparative purposes only.

#### Note A—

Merchandise at stores:	1955	1954
Inventories at the lower of cost or market based upon the retail method of inventory valuation .....	\$14,179,186	\$12,014,946
Inventories at cost—restaurants .....	99,786	86,640
Merchandise at warehouse—at cost .....	1,170,368	966,986
Merchandise in transit—at cost .....	2,726,194	2,164,874
	<u>\$18,175,534</u>	<u>\$15,233,446</u>

#### Note B—

The Company borrowed \$2,000,000, under a Term Loan and Credit Agreement dated July 29, 1955, with an option to borrow an additional \$1,000,000 expiring July 29, 1957. The agreement provides, among other matters, for a commitment fee of  $\frac{1}{2}$  of 1% per annum on the unused balance of the loan and that the Company maintain minimum working capital, exclusive of the notes, equal to three times the sum of the unpaid principal amount of the notes outstanding and the aggregate unused amount of the commitments.



# COMPARATIVE BALANCE SHEET

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## es Corporation

ember 31, 1955 and 1954

### LIABILITIES

CURRENT LIABILITIES:	1955	1954
Accounts payable—including merchandise in transit .....	\$ 3,600,208	\$ 3,461,818
Accrued expenses, taxes, rents, salaries, etc. . . . .	3,785,181	3,464,898
Reserve for Federal taxes on income .....	3,477,817	3,415,609
Less: U. S. Treasury notes .....	(3,000,000)	(3,000,000)
Total Current Liabilities .....	<u>\$ 7,863,206</u>	<u>\$ 7,342,325</u>
3½% TERM NOTES due in annual install- ments from 1957 to 1960—Note B .....	<u>\$ 2,000,000</u>	
CAPITAL STOCK AND SURPLUS—Note C:		
Preferred Stock—par value \$100.00 per share:		
Authorized .....	80,000 shares	
3½% Series—Cumulative Convertible		
Outstanding .....	59,893 shares \$ 5,989,300	\$ 5,989,300
Common Stock—par value \$.50 per share:		
Authorized .....	2,800,000 shares	
Issued and outstanding . . . . .	2,281,017 shares 1,140,508	1,140,508
Capital Surplus (no change during the year)	7,723,474	7,723,474
Earned Surplus (since January 1, 1936) .....	25,342,122	24,532,510
	<u>\$40,195,404</u>	<u>\$39,385,792</u>
	<u>\$50,058,610</u>	<u>\$46,728,117</u>

### IAL STATEMENTS

Note C—

The 3½% Cumulative Convertible Preferred Stock is redeemable at the option of the Corporation, in whole or in part, at \$104 per share, plus accrued dividends to date of redemption. In the event of voluntary liquidation, the holders are entitled to receive an amount equal to the then redemption price and in the event of involuntary liquidation are entitled to \$100 per share and accrued dividends. There are 299,465 shares of Common Stock reserved for conversion of the Preferred Stock. Pursuant to certain restrictions, in connection with the authorization of the Preferred Stock, Capital and Earned Surplus in the approximate amount of \$16,300,000 is not available for dividends on the Common Stock. Reference is made to Note B for minimum working capital requirements.

GENERAL—

At December 31, 1955 the minimum annual rentals upon property leased to the Corporation under 267 leases expiring after December 31, 1958 amount to approximately \$3,700,000 plus real estate taxes, insurance, etc.

The accompanying financial statements are subject to final determination of Federal and state taxes.



### Statement of Income and Earned Surplus

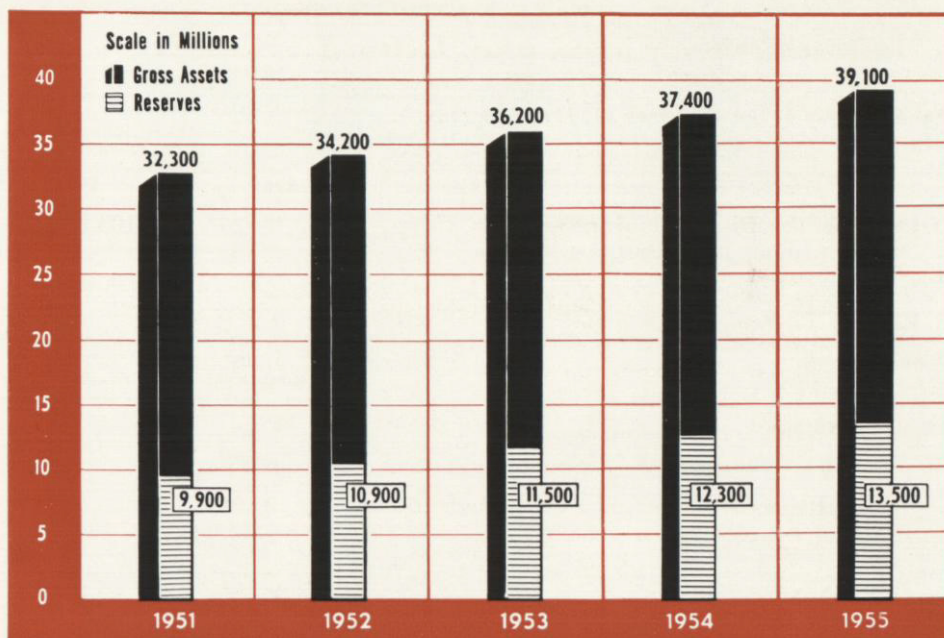
For the Years Ended December 31, 1955 and 1954

	1955	1954
SALES (merchandise, restaurant and concession) .	\$109,704,876	\$103,856,368
COST OF GOODS SOLD AND OPERATING EXPENSES (including occupancy and general and administrative expenses) .....	100,919,525	96,055,507
	<u>8,785,351</u>	<u>7,800,861</u>
OTHER INCOME:		
Income from sale of property .....	136,228	—
Miscellaneous income, less other deductions	(59,667)	(35,315)
	<u>76,561</u>	<u>(35,315)</u>
	8,861,912	7,765,546
Depreciation and amortization .....	1,628,314	1,559,925
	<u>7,233,598</u>	<u>6,205,621</u>
Special lease termination costs and related expenses .....	358,343	—
Net income before Federal income taxes .....	6,875,255	6,205,621
Provision for Federal income taxes .....	3,575,000	3,140,000
NET INCOME .....	3,300,255	3,065,621
EARNED SURPLUS (since January 1, 1936) as at December 31, 1954 and 1953 .....	24,532,510	24,071,582
	<u>27,832,765</u>	<u>27,137,203</u>
Dividends paid on:		
Common Stock 1955—\$1.00 per share .....	2,281,017	—
1954—\$1.05 per share .....	—	2,395,067
Preferred Stock .....	209,626	209,626
	<u>2,490,643</u>	<u>2,604,693</u>
EARNED SURPLUS (since January 1, 1936) as at December 31, 1955 and 1954—Note C .....	<u>\$ 25,342,122</u>	<u>\$ 24,532,510</u>

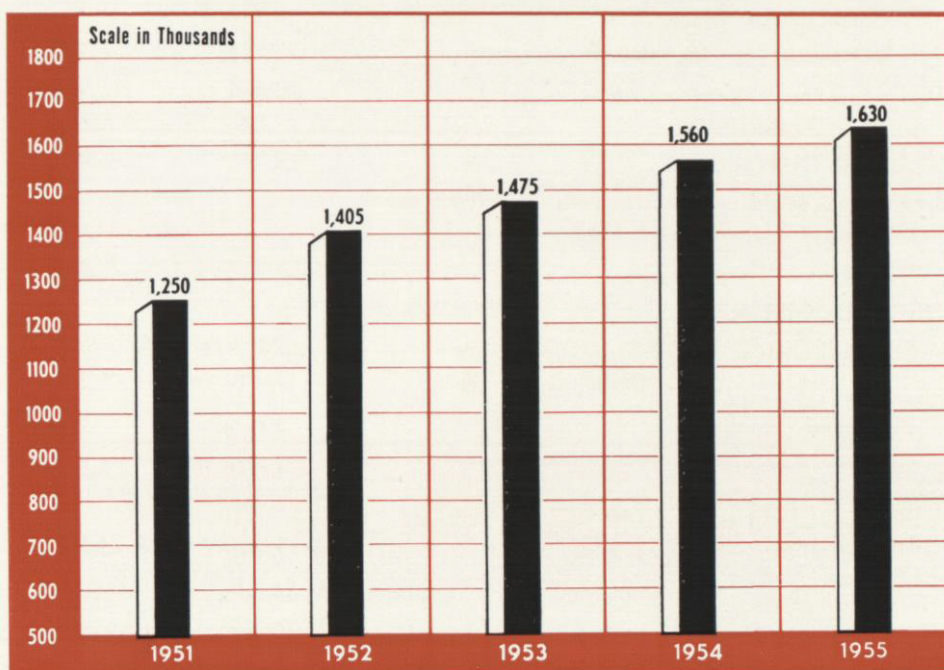
The Notes to Financial Statements are an integral part of this statement and should be read in conjunction herewith.



## Fixed Assets



## Depreciation and Amortization



### Ten Year Summary

(In thousands of dollars)

	1955	1954	1953
SALES .....	\$109,705	\$103,856	\$104,787
Cost of Sales, including occupancy expenses ..	73,916	70,580	71,192
Selling, general and administrative expenses ..	27,004	25,475	24,987
Depreciation and amortization .....	1,628	1,560	1,477
Other Income, less other deductions .....	(282)	(35)	71
NET INCOME Before Federal Taxes .....	6,875	6,206	7,202
Federal Taxes on Income .....	3,575	3,140	3,575
NET INCOME .....	\$ 3,300	\$ 3,066	\$ 3,627
Cash Dividends on Preferred Stock .....	210	210	210
Cash Dividends on Common Stock .....	2,281	2,395	2,509
*Net Income per share of Common Stock .....	1.35	1.25	1.50
*Cash Dividends per share of Common Stock ..	1.00	1.05	1.10
Number of Stores .....	214	210	211

### Financial Position —

	1955	1954	1953
WORKING CAPITAL			
Current Assets			
Cash and U.S. Government Securities .....	\$ 5,369	\$ 5,396	\$ 6,114
Merchandise Inventories .....	18,176	15,233	15,266
Miscellaneous Accounts Receivable .....	38	156	100
Total Current Assets .....	23,583	20,785	21,480
Current Liabilities .....	7,863	7,342	8,545
WORKING CAPITAL .....	15,720	13,443	12,935
OTHER ASSETS			
Account Receivable — Noncurrent .....	—	—	300
Deferred Charges, etc. ....	876	870	923
Fixed Assets, Less Reserves for Depreciation and Amortization .....	25,600	25,073	24,767
	42,196	39,386	38,925
OTHER LIABILITIES			
Long Term Debt .....	2,000	—	—
NET ASSETS .....	\$ 40,196	\$ 39,386	\$ 38,925
Represented by			
Preferred Stock .....	\$ 5,990	\$ 5,990	\$ 5,990
Common Stock and Surplus ..	34,206	33,396	32,935
	\$ 40,196	\$ 39,386	\$ 38,925
*NET WORTH PER SHARE OF COMMON STOCK ...	\$ 15.00	\$ 14.64	\$ 14.44

\*Number of shares of Common Stock has been adjusted to reflect 2 for 1 split during April 1951.



# TEN YEAR SUMMARY

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## Statement of Income

1952	1951	1950	1949	1948	1947	1946
\$106,987	\$104,222	\$98,665	\$95,767	\$97,588	\$91,225	\$84,509
73,286	71,011	66,140	65,137	66,088	61,336	56,645
25,771	24,378	22,930	22,249	22,139	19,569	16,999
1,405	1,252	1,130	951	746	674	651
(22)	248	340	156	74	407	324
6,503	7,829	8,805	7,586	8,689	10,053	10,538
3,175	3,740	3,540	2,755	3,200	3,750	4,000
\$ 3,328	\$ 4,089	\$ 5,265	\$ 4,831	\$ 5,489	\$ 6,303	\$ 6,538
210	210	210	210	210	210	205
2,851	2,851	3,135	2,850	3,193	3,022	2,280
1.37	1.70	2.21½	2.02½	2.31½	2.67	2.77½
1.25	1.25	1.37½	1.25	1.40	1.32½	1.00
211	206	205	201	202	199	199

## December 31, 1946 — 1955

1952	1951	1950	1949	1948	1947	1946
\$ 7,501	\$ 8,778	\$ 8,642	\$10,876	\$12,195	\$15,003	\$15,632
13,805	13,372	15,678	11,407	11,379	11,908	8,271
36	744	96	48	114	190	101
21,342	22,894	24,416	22,331	23,688	27,101	24,004
7,517	8,628	8,464	6,754	6,782	9,098	6,811
13,825	14,266	15,952	15,577	16,906	18,003	17,193
—	—	—	—	—	—	—
924	1,097	968	909	1,142	1,133	1,124
23,267	22,387	19,800	18,316	14,983	11,809	10,744
38,016	37,750	36,720	34,802	33,031	30,945	29,061
—	—	—	—	—	—	72
\$ 38,016	\$ 37,750	\$36,720	\$34,802	\$33,031	\$30,945	\$28,989
\$ 5,990	\$ 5,990	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
32,026	31,760	30,720	28,802	27,031	24,945	22,989
\$ 38,016	\$ 37,750	\$36,720	\$34,802	\$33,031	\$30,945	\$28,989
\$ 14.04	\$ 13.92	\$ 13.47	\$ 12.63	\$ 11.85½	\$ 10.94	\$ 10.08

### 214 McCrory Stores . . .

#### Arkansas (3)

Eldorado  
Fort Smith  
Jonesboro

#### Connecticut (1)

Danbury

#### Delaware (1)

Dover

#### Dist. of Col. (1)

Washington

#### Florida (40)

Arcadia  
Bartow  
Bradenton  
Clearwater  
Daytona Beach  
128 S. Beach St.  
814 Main St.  
Deland  
Fort Lauderdale  
Fort Myers  
Fort Pierce  
Gainesville  
Hialeah  
Homestead  
Jacksonville  
Key West  
Kissimmee  
Lake City  
Lakeland

#### Fla. (cont.)

Leesburg  
Live Oak  
Melbourne  
Miami  
Miami Beach  
New Smyrna  
Ocala  
Orlando  
Palatka  
Panama City  
Plant City  
Punta Gorda  
Quincy  
Sanford  
Sarasota  
St. Augustine  
St. Petersburg  
425 Central Ave.  
3270 Central Ave.  
Tallahassee  
Wauchula  
West Palm Beach  
Winter Haven

#### Georgia (8)

Atlanta  
Bainbridge  
Columbus  
Cordele  
Savannah  
Tifton  
Valdosta  
Waycross

#### Indiana (2)

Anderson  
Indianapolis

#### Kentucky (2)

Louisville  
Lexington

#### Louisiana (4)

Baton Rouge  
Lafayette  
New Orleans  
1626 Dryades St.  
1005 Canal St.

#### Maryland (9)

Baltimore  
227 W. Lexington St.  
6311 York Rd.  
Cambridge  
Crisfield  
Cumberland  
Easton  
Frederick  
Hagerstown  
Salisbury

#### Massachusetts (2)

New Bedford  
1115 Acushnet Ave.  
1009 S. Water St.

#### Mississippi (4)

Gulfport  
Jackson  
McComb  
Natchez

#### Missouri (1)

St. Louis

#### New Jersey (11)

Atlantic City  
Burlington  
Camden  
Clifton  
Jersey City  
Newark  
Orange  
Passaic  
Perth Amboy  
Rahway  
Union

#### New York (9)

Bay Shore, L. I.  
Brooklyn  
Flushing, L. I.  
Johnson City  
Long Island City  
New York City  
Niagara Falls  
Rego Park  
Syracuse

#### North Carolina (5)

Dunn  
Fayetteville  
Fort Bragg  
Roanoke Rapids  
Tarboro



## ... In Twenty-two States \*

**Ohio (8)**

Canton  
Dayton  
East Liverpool  
Hamilton  
Kent  
Springfield  
Steubenville  
Youngstown

**Pennsylvania (57)**

Allentown  
Altoona  
Barnesboro  
Bethlehem  
Bradford  
Bristol  
Brookville  
Canonsburg  
Carlisle  
Carnegie  
Chambersburg  
Charleroi  
Chester  
Clearfield  
Connellsville  
Cresson  
Donora  
DuBois  
Edwardsville  
Ebensburg  
Emporium  
Franklin

**Pa. (cont.)**

Greensburg  
Hanover  
Homestead  
Huntingdon  
Indiana  
Johnstown  
Kane  
Lancaster  
Lebanon  
Lewistown  
Monongahela  
Mt. Pleasant  
Patton  
Philadelphia  
1205 Market St.  
919 Market St.  
Philipsburg  
Pittsburgh  
105 E. Ohio St.  
314 Fifth Avenue  
Portage  
Pottstown  
Punxsutawney  
Reading  
Reynoldsville  
Ridgway  
Scottdale  
Scranton  
Somerset  
Tyrone  
Vandergrift  
Waynesboro  
Waynesburg  
Wilkes-Barre  
Windber  
York  
10 W. Market St.  
2449 E. Market St.

**South Carolina (8)**

Aiken  
Chester  
Columbia  
Gaffney  
Georgetown  
Greenwood  
Newberry  
Rock Hill

**Tennessee (5)**

Bristol  
Kingsport  
Morristown  
Oak Ridge  
Memphis

**Texas (14)**

Big Spring  
Corpus Christi  
Denton  
Fort Worth  
Galveston  
Hillsboro  
McAllen  
Nacogdoches  
Palestine  
San Antonio

**Texas (cont.)**

Taylor  
Terrell  
Waco  
Wichita Falls

**Virginia (8)**

Arlington  
Cape Charles  
Charlottesville  
Front Royal  
Harrisonburg  
Pulaski  
Staunton  
Winchester

**West Virginia (11)**

Charleston  
Clarksburg  
Fairmont  
Grafton  
Huntington  
Mannington  
Martinsburg  
Morgantown  
New Martinsville  
Parkersburg  
Wheeling

\*And the District of Columbia.  
Stockroom at Huntingdon, Pa.

